VILLAGE COUNCIL
MINUTES FOR REGULAR MEETING OF NOVEMBER 9, 2021
ASSEMBLY HALL
395 MAGNOLIA ROAD
PINEHURST, NORTH CAROLINA
4:30 PM

The Pinehurst Village Council held a Regular Meeting at 4:30 p.m., Tuesday, November 9, 2021 in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina. The following attended:

Mr. John C. Strickland, Mayor
Ms. Judy Davis, Mayor Pro Tem
Ms. Lydia Boesch, Councilmember
Mr. Kevin Drum, Councilmember
Ms. Jane Hogeman, Councilmember
Mr. Jeffrey M. Sanborn, Village Manager
Ms. Kelly Chance, Village Clerk

In addition, approximately 40 attendees, including 8 staff and 0 press.

1. **Call to Order.**
Mayor Strickland called the Village Council meeting to order.

2. **Reports:**

Village Manager

- Mr. Jeff Sanborn reported the Shop Small program advocates for small businesses and invites visitors to shop downtown. He noted it is going on the week of thanksgiving and you can enter a drawing for gifts currently valued at over $4,000, which comes from local business donations. Mr. Sanborn thanked Councilmember Drum and Mayor Pro Tem Davis for their leadership over the last 4 years and for the many accomplishments they were a part of.

Village Council

- Mayor Strickland reported that on Thursday the Community Presbyterian Church will host a special Veterans service at 11:00 am. He met the Executive Director of the Three Rivers Land Trust and hopes to meet with him again soon. He noted the regional airport is highly regarded and a great asset to our community. He stated in a follow up to our October 26th meeting he met with Mr. and Mrs. Xeroteres about short term rentals and looks forward to working with Council and the residents on this issue in the coming year.
- Mayor Pro Tem Davis stated this Saturday at Pinecrest High School is the hazardous waste and recycling pick-up from 10-2. She thanked the USGA for all the contributions they have made to the community already before they have even moved here. Mayor Pro Tem Davis stated she was appreciative that so many people attended the October 26th Council meeting and would love to see that momentum continue. She stated she is glad to have had the opportunity to serve her community.
- Councilmember Drum stated he had no report. He congratulated Jeff Morgan and Patrick Pizzella. He thanked the staff and his friends and family who have witnessed the defamation and personal attacks he has endured. He stated he has served his community with integrity and honesty and noted there are bigger things going on. Councilmember Drum stated he will work to ensure the politicization will not happen again and work behind the walls of the Village and will work on himself first and then

work to make Council better. He thanked the citizens for the opportunity to serve.

- Councilmember Boesch stated she had no report and thanked Mayor Pro Tem Davis and Councilmember Drum for their service.
- Councilmember Hogeman thanked Mayor Pro Tem Davis and Councilmember Drum for their friendship and service on the Council.

3. **Motion to Approve Consent Agenda.**

All items listed below are considered routine or have been discussed at length in previous meetings and will be enacted by one motion. No separate discussion will be held unless requested by a member of the Village Council.

- Approval of Village Council Meeting Minutes.
  - October 26, 2021 Regular Meeting
  - October 26, 2021 Work Session
  - October 26, 2021 Closed Session

End of Consent Agenda.
Upon a motion by Councilmember Hogeman, seconded by Councilmember Boesch, Council unanimously approved the Consent agenda by a vote of 5-0. Councilmember Drum abstained which counts as an affirmative vote.

Mayor Strickland noted that on agenda item number ten (10), Other Business, we will have a discussion tonight on some Code of Ethics issues that have arisen.

4. **Discuss and Consider Resolution 21-27 Appointing a Member to the Board of Adjustment and Planning and Zoning Board**
Jeramy hooper, Board Chair, stated they are recommending Louise Mercuro to fill the vacant seat on the Board of Adjustment and Planning and Zoning Board. He stated she has extensive knowledge in city and regional planning and has held jobs in her home state in NJ and has a master's degree. She has 30 years of planning and zoning experience and serves as an adjunct professor. He stated her interest lies strongly in historic preservation and currently lives on McKaskill Rd, in the Village. Ms. Mercuro stated she did one of the first unified development codes for a very large city with 800,000 people and has a strong development code background. She stated she has experience both with large cities like Memphis, TN and smaller towns around that area.

Upon a motion by Mayor Pro Tem Davis, seconded by Councilmember Hogeman, Council unanimously voted to approve Resolution 21-27 appointing Louise Mercuro as a member to the Board of Adjustment and Planning and Zoning Board by a vote of 5-0.

5. **Discuss and Consider Resolution 21-24 Adoption of the Fort Bragg Regional Land Use Advisory Commission Bylaw Revisions**
Mr. Jeff Sanborn, Village Manager stated the Regional Land Use Advisory Commission (RLUAC) exists to help ensure that development that occurs in areas that immediately surround Fort Bragg is compatible with Fort Bragg's long-term and vital training mission. RLUAC has approved revisions to its bylaws that modernize its governance structure. He stated he is a board member of RLUAC and participated in this update process. In order for the bylaws to be officially amended, the approval of two-thirds of the local government members of RLUAC is needed. The RLUAC Board of Directors has provided a redlined version of the bylaws, and a clean version of the bylaws to be considered and adopted as a Resolution.

Upon a motion by Councilmember Hogeman, seconded by Councilmember Boesch, Council unanimously voted to approve Resolution 21-24 Adoption of the Fort Bragg Regional Land Use Advisory Commission Bylaw Revisions by a vote of 5-0.

6. **Motion to Recess Regular Meeting and Enter Public Hearing**
Upon a motion by Councilmember Drum, seconded by Councilmember Hogeman, Council unanimously voted to recess the regular meeting and enter public hearing 1 – Hollycrest Major Subdivision, by a vote of 5-0.

7. **Public Hearing No. 1 – Hollycrest Major Subdivision**

Planning and Inspection Director, Darryn Burich, stated the purpose of this public hearing is to consider a Major Subdivision Review for a 40-lot single family subdivision within the Village's ETJ. This property is identified as Moore County PID# 00020147 and is located at Hollycrest Ln, an improved road that intersects with Linden Rd. The applicant is Ken Bass and the property owner is HEK Management, LLC.

Mr. Burich noted that subdivision reviews are administrative reviews (not legislative or quasi-judicial) elevated to Council. Administrative reviews apply the technical standards of the Pinehurst Development Ordinance requirements to the proposed subdivision review.

Mr. Burich stated after the public hearing is closed, Council will discuss and consider Resolution # 21-28 Hollycrest Major Subdivision. Council shall approve, approve with conditions, or reject the plat. If rejected, reasons must be stated in the record for ways to revise plat for approval. Council may also continue action until a future meeting. Action must be taken with 90 days item is placed on Council agenda or plat shall be deemed approved.

Mr. Burich stated the applicant, Kenn Bass, requests a Major Subdivision approval to allow for development of a 40-lot single family subdivision located in the Village's extraterritorial jurisdiction (ETJ) along with the related infrastructure. In accordance with Section 9.17.1.3 of the Pinehurst Development Ordinance (PDO), all proposed major subdivisions are reviewed by the Planning & Zoning Board and a public hearing is to be held. The Planning & Zoning Board must then submit a recommendation on the proposed major subdivision to the Village Council.

Mr. Burich stated the parent tract of this proposed subdivision is identified as Moore County PID# 00020147 and is approximately 40 acres in total size. This tract abuts Linden Road, a North Carolina Department of Transportation owned and maintained road. He stated the subject area is located just outside of the Village's corporate limits and within the Village's ETJ. Mr. Burich stated the applicant has indicated no intention to petition for voluntary annexation into the Village's corporate limits. He stated the proposed subdivision is adjacent to various land uses and zoning.

Mr. Burich stated the proposed subdivision would create 40 new single-family lots. The smallest of the proposed lots are shown to be about 25,000 square feet in size which exceeds the minimum lot size requirement of 15,000 square feet in the R-15 zoning district. The largest lot shown to be about 38,000 square feet in size. The total amount of buildable area in square feet based on the applicable setbacks is provided on the preliminary plat. The property is located within a watershed protection area which limits a development intensity for the project area of a maximum of one unit per acre. The proposal to create 40 residential units complies with this density limitation. Due to the more restrictive watershed development intensity requirement, the applicant has not chosen to develop the proposed subdivision following the open space subdivision criteria which allows for smaller lot sizes and less stringent setbacks while providing for a minimum percentage of open space. However, the applicant is still providing approximately 15% open space with the proposed subdivision layout. The open space and other areas/lots consisting of stormwater management along with the roads will be owned and maintained by a homeowner's association (HOA).

Mr. Burich stated subdivision layout and design are reviewed for compliance with Section 9.17.1.12 of the PDO and the Technical Review Committee (TRC) has been reviewing this proposed major subdivision for compliance with the PDO and the Village of Pinehurst Engineering Standards and Specifications Manual (ESSM). He noted the applicant is proposing internal streets with a 50' right of way, 24' street width and a 45' cul-de-sac radius. The approximate total length of all the internal streets is 5,876 linear feet. The applicant is proposing to use concrete valley gutter in lieu of concrete curb and gutter which will require a waiver of the standards in the ESSM. Access to the subdivision will be from two connections to Linden Road, a NCDOT owned right-of-way. The NCDOT has reviewed the proposed layout and have determined no improvements will be needed to Linden Road because of this subdivision. All streets will be required to be constructed in accordance with the Village's ESSM as well as meet the requirements for emergency services vehicles.

Mr. Burich stated street trees will be required at a rate of one large hardwood or pine per 40 linear feet of road frontage minus driveways. The approximate location of the street trees is depicted on the plat. Other than the required street trees, no other landscaping is required. However, the applicant has provided an area of open space along the perimeter of the development including a wide area along Linden Road where the existing Village of Pinehurst Greenway runs parallel as depicted on the preliminary plat. The area along Linden Road is heavily treed and a tree survey has been included with the application material to indicate all the trees within the perimeter open space areas.

Mr. Burich stated sidewalks are required to be installed along one side of all new streets and are being shown on the submitted plans. 4 The proposal includes public water and sewer to the lots that will be served by Moore County Public Works. The applicant has provided a proposed utility layout plan and is included with this submittal. The current plan indicates stormwater control measures on-site and is depicted on the preliminary plat. The stormwater system will be designed and constructed in accordance with the Village's ESSM and may be subject to change to meet those design requirements. The applicant indicates that a homeowner's association will be formed and will be responsible for maintaining all the privately owned utility structures and network.

Mr. Burich stated the TRC, made up of staff from the Village's Planning and Inspections Department, Administration Department, Public Services and Engineering Department, Fire Department and Moore County Public Works, has reviewed the proposed Major Subdivision and have issued comments to the applicant. The applicant has made revisions based on those comments from the TRC and Mr. Burich stated that at this time, staff and the TRC have deemed the preliminary plat compliant and recommend the Planning and Zoning Board recommend approval of the preliminary plat to Village Council.

Ken Bass, applicant stated he feels he has met all the design requirements and requirements of the Planning and Zoning Board and he noted he understood there is opposition to the approval but noted that they are doing what is already zoned for and not making any changes.

Mayor Strickland stated one issue is the historic nature of the property and the homes that are there now; he noted he hopes the applicant plans to stay consistent with the rest of those homes and those within the Village. Councilmember Boesch stated she watched the P&Z video and wondered who they would market to for these homes. Mr. Bass stated they would be approximately 2600 to 2300 sq. foot homes and would not be starter homes. He stated the builder will be Dickerson who has been building exclusively in National number 9 and plans are to sell to Dickerson, who would then build spec homes.

Public hearing comments from attendees:

A. Mr. and Mrs. Wayne R. Boyles III – Stephanie of 360 Sugar Pine Drive: Provided copies of information to Council members demonstrating how their property will be directly impacted by this proposed sub-division.

B. Tara Maranzano – 105 Keswick Lane stated, she moved there two months ago – in her research she has concerns following the planning & zoning meeting. She states she does not believe it would preserve the charm and asked about how the original home on the property would be preserved. She stated the traffic study shows a flawed formula using one car per household, which should be two cars per home. She stated the variable is inaccurate and an appropriate traffic study should have been done looking at the traffic that is already on Linden road. These cars all go into Linden and that is an additional amount. She also doesn't believe that with the construction noise etc. that it will not protect the village charm. She stated the report on the woodpecker study was not supplied to us. The report does suggest that the woodpecker may potentially live in the area. The report supplied by the survey was conclusive that there were no woodpeckers in the area.

C. Jamie Keene – 101 Keswick Ln: Existing home in Hollycrest – Historic nature of the neighborhood She stated she attended the last meeting and noted Mr. Bass had no knowledge of the history and does not still state if these homes will be starter homes. Homes built in 1986 are brick on all four sides and detached garage – Georgian architecture style – developer did not continue development – she would like to know definitive answers – couldn't tell from the last meeting if he planned on putting sidewalks on the side of the street – she has magnolia tree older than any in Pinehurst – if they put concrete over the roots it will kill it.

D. Susan Pullara, 4 spruce court: moved here two months ago and had no idea about this – concern is she lives close to that retention pond – if 40 feet is the buffer than what is going to be there? Will it be someone's backyard – will all the trees and vegetation be knocked down. She wants to have the details she stated so she knows what she will be looking at through her picture windows

Councilmember Hogeman stated that by choosing this type of land, you are going for the requirements for a watershed instead of asking for a Special Intensity allocation, which means you are putting in half the number of homes you could be putting in. She stated she also appreciates the 40-foot buffer they are doing, when they didn't have to. But this tract of land weaves through an area of established homes. She asked if the federal approvals been received and will the stormwater plan take stormwater runoff from existing roads – Hollycrest land and Keswick lane – as well as the new runoff water. Councilmember Hogeman said she hopes as many steps as possible will be maintained to keep as many trees on the property as possible.

Mike Apke, Public Services Director, answered several questions from the Councilmembers about the stormwater retention plans and noted they will be adding an additional pond, keeping it with the same look as the existing pond, to help keep the area congruent.

8. Motion to adjourn Public Hearing and Re-Enter Regular Meeting

Upon a motion by Mayor Pro Tem Davis, seconded by Councilmember Drum, Council unanimously approved to adjourn Public Hearing 1 – Hollycrest Major Subdivision and re-enter the Regular Meeting by a vote of 5-0.

9. Discuss and Consider Resolution #21-28 Hollycrest Major Subdivision.

Mr. Burich stated the purpose of this item is to consider Resolution #21-28 for the Hollycrest Subdivision which property is identified as Moore County PID# 00020147. The subject subdivision is generally located at Hollycrest Ln, an improved road that intersects with Linden Rd. The applicant is Ken Bass and the property owner is HEK Management, LLC.

Mr. Burich reminded Council that they shall approve, approve with conditions, or reject the plat. If rejected, reasons must be stated in the record for ways to revise plat for approval. Council may also continue consideration of the plat to a future date. Action must be taken with 90 days item is placed on Council agenda or plat shall be deemed approved.

Upon a motion by Councilmember Hogeman, seconded by Councilmember Boesch, Council unanimously approved without conditions or restrictions, Resolution 21-28, approving a preliminary subdivision plat for the Hollycrest Subdivision, a 40-lot single family subdivision, located at Hollycrest Ln, an improved road that intersects with Linden Road. The Village Council accepted the applicant's Standards of Review and adopts them as the Findings of Fact. Village Council finds that each of the Standards of Review have been met based on the evidence submitted into the record as part of the application materials and testimony given at this public hearing.

10. Fair Barn Request – Memorial Service

Mark Wagner, Parks and Recreation Director, presented Council with a request from a resident asking for a military memorial service having a 21-gun salute for a service member. He noted they will be shooting blanks and should take no more than a couple of minutes completing the salute. He stated per Municipal Code 130.01, it is unlawful to discharge any firearm in the Village and that only Village Council can grant an exception for a special event and the Chief of Police can place any special conditions he deems in the best interest of the public if Council approves an exception.

Mr. Wagner noted if this request is approved, staff would work with the clients, and our customers at the Harness Track, on the timing and location for the salute so it does not impact harness training or cause any safety concerns on site.

Upon a motion by Councilmember Hogeman, seconded by Councilmember Boesch, Council unanimously approved to approve an exception to Municipal Code 130.01, which states it is unlawful to discharge any firearm in the Village, for the purpose of a special event request for a military memorial service requiring a 21-gun salute for a date, time, and location to be determined by the Village of Pinehurst Parks and Recreation staff, by a vote of 5-0.

11. West Pinehurst Community Park Site Master Plan

Mark Wagner, Parks and Recreation Director, stated staff and consultants with the McAdams Company will present the final draft of the site master plan for West Pinehurst Community Park and are seeking adoption of the plan as presented.

Mr. Wagner noted the amenities proposed in the plan remain unchanged from our last presentation to Council. Village staff and our consultants feel that these additional amenities are needed to meet the existing and future needs of the Village. Amenities shown in the plan include a dog park (small and large dog section), playground, walking paths (paved and unpaved), athletic fields with lights (2 flex fields, 1 rectangular field), restrooms/shelters and associated parking.

Mr. Wagner stated participation in Parks and Recreation programs and athletic offerings have increased from 2,274 participants in FY2010 when the P&R Comprehensive Master Plan was initiated, to a total of 4,085 participants in FY2021. We have also seen an increase in the number of program and athletic offerings from 92 in FY2014 to 182 in FY2021.

Mr. Wagner stated facility rentals for athletic purposes has increased from 1,907 hours in calendar year 2020 to 3,931 hours in calendar year 2021. Some of this increase is due to Covid and from athletic leagues/programs not being held in 2020. These rental numbers include facilities at Cannon Park and the Pinehurst Harness Track where most of our soccer/lacrosse rentals were moved while the Wicker Park site was used as a temporary school.

Mr. Wagner stated that at the end of FY2021, the Village had 143.35 acres of developed parks, or 8.19 acres per 1,000 residents based on PR.C.1 of our Key Performance Indicator (KPI) that is tracked annually. The National Recreation and Parks Association's 2021 NRPA Agency Performance Review which I have attached indicates that jurisdictions serving populations less than 20,000 have a median of 12.4 acres of parkland per 1,000 residents. In order for the Village to meet the median of 12.4 acres per 1,000 residents, we would need 217 acres of developed parkland to reach that threshold. The Village's current 8.19 acres per 1,000 residents is above the lower quartile of 5.2 acres per 1,000 residents but below the upper quartile of 21.8 acres per 1,000 residents for jurisdictions below 20,000 population.

Mr. Wagner noted that at the last meeting there was also discussion related to the benefits of synthetic versus grass for the fields proposed at West Pinehurst and our existing facilities. I have attached a copy of an email from a reputable vendor in the field who answered questions about the two surfaces. This should merit further discussion and consideration for any development of new fields or retrofitting existing fields to determine the most appropriate and cost-effective surfacing. There may also be opportunities to realize some volume pricing discounts if we were to coordinate a Village synthetic turf project with another municipality or school interested in similar projects. The local high schools may be an example of this if they proceed with running track and/or football field projects that would convert their facilities to synthetic turf in the early summer of 2022.

Councilmember Hogeman opposed the continuation of the plan and stated Council should look at some alternatives and said we should not be approving an item that is going to be discussed at our retreat. Councilmember Boesch stated this is just a culmination of 20 years to get to this point and approving it does not mean we are committed to spending money on it.

Upon a motion by Councilmember Boesch, seconded by Councilmember Drum, Council voted to approve the site master plan for West Pinehurst Community Park as proposed and presented by McAdams Company, by a vote of 4-1 with Councilmember Hogeman voting no.

12. Presentation of Financial Statements for the Year Ended June 30, 2021

Brooke Hunter, Financial Director, presented the un-audited financial statements for the fiscal year ended June 30, 2021. She noted the Village ended the fiscal year in a strong financial position with the fund balance above the Council's policy minimum and no installment purchase debt. In addition, she stated the operating expenditures are in check and the revenues are growing at a moderate pace, despite the impacts of the COVID-19 coronavirus pandemic on our local economy. Ms. Hunter noted the results, in conjunction with the strong performance management system, should position the Village well to carry out the objectives contained in the FY 2022 Strategic Operating Plan (SOP).

Ms. Hunter stated the Village's General Fund revenues exceeded expenditures by $2,059,598, bringing General Fund fund balance to $13,288,868. This year, $1,421,000 in projects were reappropriated in the FY 2022 budget, as they were not purchased or completed by June 30. The Community Center Capital Project Fund was closed during FY 2021 upon completion of the facility, and the remaining balance in the fund of $244,999 was transferred to the General Fund. The American Rescue Plan Act Special Revenue Fund was established in June 2021 to account for the use of federal grant funds for COVID-19 relief and economic recovery efforts. However, since the first tranche of funding was not received by year end, there is no current year fund activity.

Ms. Hunter stated the Village's fund balance policy requires us to maintain unassigned fund balance of at least 15% of actual expenditures and a minimum fund balance of 30% of budgeted expenditures. Fund balance is maintained at these levels to meet the Village's cash flow needs and to prepare us for emergencies and opportunities that may arise. The policy also states that when total fund balance on June 30 is in excess of 40% of actual General Fund expenditures, Council may commit excess fund balance for future capital needs. In FY 2021, Council approved resolutions committing excess funds for future capital needs totaling $4,102,691 and also committed $1,000,000 for improvements to the Given Memorial Library and Tufts Archives. At June 30, the General Fund has unassigned fund balance of $2,891,475, or 15%, of actual expenditures and total committed fund balance of $5,102,691, or 26% of actual expenditures.

Ms. Hunter stated the total fund balance of $13,288,868 represents 58% of budgeted expenditures. The statewide average for total fund balance in the Village's population peer group is 54%. This amount includes the $1,421,000 in reappropriated projects that were on order or not complete at year-end.

Ms. Hunter stated the Village's total cash and investments at June 30 were $12,526,000 compared to $10,856,000 the previous year. This is an increase of $1,670,000, or 15%. The Village earned approximately $2,900 on investments during the year at an average yield of 0.02% due to historic low interest rates during the pandemic. All deposits were insured or collateralized as required for local governments and managed under the Village's investment policy.

Ms. Hunter stated the Village's outstanding installment purchase debts decreased by $141,600, or 100%, during the fiscal year. This decrease was due to the scheduled repayment of principal on existing debt obligations and the acceleration of remaining debt payments scheduled for a future fiscal year. The Village had no installment purchase debt outstanding at June 30 and total debt service for the year was 0.6% of budgeted expenditures.

Ms. Hunter stated capital investments during the year pushed the Village's total capital assets to $53,001,000. This is an increase of $1,799,000, or 4%, over the previous year. The most significant additions were the rescue truck replacement, automated solid waste vehicle replacement, and purchase of two parcels of land – one for a potential future fire station and the other adjacent to West Pinehurst Park. Overall, the Village's capital assets have 45% of their original (undepreciated) value remaining, which is greater than 40% in the previous year due to the completion and capitalization of the Community Center facility

Ms. Hunter stated General Fund revenues were $924,000, or 4.6%, above the year-to-date budget projections. This is above the normal variance of around 1% above budgeted projections due to higher than anticipated local option sales taxes and significant permits and fees. Property taxes were above our budget estimate by approximately $33,000. Overall property tax collections for the year were strong with 99.93% of the 2021 levy collected at year-end. Sales tax revenue was $523,000, or 10.4%, higher than budgeted. When establishing the revenue budget for FY 2021, the impacts of the COVID-19 pandemic were unknown. The Village conservatively budgeted revenue sources that are more susceptible to economic downturns, most notably local option sales taxes. Fortunately, sales tax distributions have increased significantly over the past two years, despite the pandemic. Some factors that contributed to this growth include direct aid to most U.S. taxpayers during the pandemic, a shift from consumer spending on non-taxable services to spending on taxable goods, and collection of sales tax on most online purchases.

Ms. Hunter stated permit revenue was $173,000, or 34%, above budget due primarily to two significant non-residential projects at FirstHealth. She noted the larger portion of the year-end variance can be attributed to expenditures being below budget. General Fund expenditures were $3,566,000 or 15.6%, below budget overall. Expenditures were less than budgeted amounts for the following significant items: (1) contracted and professional services of $301,000 were lower than expected, (2) salaries and benefits were $824,000 lower due to employee vacancies related to turnover, and (3) capital expenditures were $1,436,000 below budget due primarily to a fire engine that was on order at year-end and sidewalk and parking lot projects that were being designed but were not constructed by yearend. Overall operating expenditures represented 82% of operating revenues, a 2% increase from the previous year.

Ms. Hunter stated for capital outlay, 57% of the General Fund budget was expended at year's end. The majority of this variance was due to the fire engine, Cannon Park parking lot, Rattlesnake Trail/Woods Road sidewalk, and Magnolia Streetscape improvements that were carried over to the next fiscal year. Compared to the previous fiscal year, capital expenditures were up by $970,000 or 103%.

Ms. Hunter stated as we look to the future, the Village's revenue prospects look sound. Unemployment in our area decreased to 4.8% compared to 7.3% at the same time last year, bringing the rate in line with those seen the last few years prior to the pandemic. The Village also added 136 new homes last year compared to 188 and 122 in the previous years. The steady growth in single-family home construction indicates that the Village's tax base will increase proportionately next year. The Village has also seen significant commercial development over the past three years.

Ms. Hunter noted during FY 2021, the Fair Barn covered 32% of operating expenditures with operating revenues. This is less than the 53% recorded in the previous year and below the balanced scorecard target of 55%. It is the direct result of closing the facility for most of the fiscal year to comply with state-mandated restrictions. Fortunately, the capacity limitations were removed as of May 2021, and the facility is back to hosting various events. While revenues were significantly lower in FY 2021 due the closures, operating expenditures were also down. Discounts for non-profit events totaled $43,000, compared to $42,000 last year. This includes hosting 53 FirstHealth COVID-19 vaccination clinics with total discounts of $35,000. Before discounts were applied, the Fair Barn covered approximately 48% of operating expenditures for the year.

Ms. Hunter stated the Harness Track covered 40% of its operating expenditures compared to 51% in the previous year. This is slightly below their performance target of 45%. The decrease from the previous year is primarily due to an 18% reduction in revenues from last season. Last year during the pandemic, we received some late season revenue as several trainers requested to retain their horses at our facility after the training season ended since many other facilities in their home states were not open.

Ms. Hunter concluded her presentation stating that overall, the Village ended FY 2021 better than expected and is well positioned to carry out the initiatives outlined in the FY 2022 SOP. The effects of COVID-19 on our financial condition in FY 2021 were less severe than we originally anticipated. With the $2,060,000 addition to fund balance at June 30, 2021 and the $1,421,000 reappropriation in July, there is now $639,000 in new fund balance that was not allocated in the five-year capital plan.

13. Presentation of Financial Statements for the Quarter Ended September 30, 2021

Brooke Hunter, Financial Director, presented Council with the quarterly financial statements for the three months ended September 30, 2021. Financially, the Village is off to a good start for FY 2022. At the end of the first quarter, revenues exceeded expenditures by a larger margin than anticipated in our forecast. These results should position us well to carry out the objectives outlined in the FY 2022 Strategic Operating Plan (SOP).

Ms. Hunter stated the Village's General Fund is showing $7.6 million in income for the first three months of the year compared to $6.4 million the prior year. The Village's General Fund fund balance is currently 84% of budgeted expenditures, which is higher than the 78% level seen the previous year at September 30. During the first quarter, the Village received its first allocation of American Rescue Plan Act funds totaling $2,648,000. These funds are recorded in the American Rescue Plan Act Special Revenue Fund, which will be used to track the use of these distributions in accordance with US Treasury guidance.

Ms. Hunter stated the Village's total cash and investment balances increased by $3,221,000, or 20.1%, compared with the previous year due primarily to the receipt of the American Rescue Plan Act funds. Of the $19.3 million in cash and investments at September 30, 2021, $18.6 million was held in the North Carolina Capital Management Trust Government Portfolio. The Village does not have any installment financing debt obligations as of September 30.

Ms. Hunter stated general fund revenues were $1,124,000, or 11%, above the quarterly budget projections. Property tax revenues were $941,000 above the quarterly revenue estimate. Most of this variance was due to the timing of the Village's real and personal property tax collections. The collection rate of 81% through the first quarter was higher than the 78% collection rate at the same point last year. It is also worth noting that the valuation of real & personal taxable property increased by approximately 1% and motor vehicle valuations increased 4% compared to this time last year. Both of these growth rates are comparable to our FY 2022 budgeted increases of 1.5% and 1.0% for real & personal property and motor vehicles, respectively.

Ms. Hunter stated local option sales tax revenues were $183,000, or 17% higher than the quarterly budget. This should be viewed cautiously, however, since most of the revenue for the quarter is based upon estimated revenues for sales taxes collected which we will not receive until the second quarter. General fund operating expenditures were $1,415,000, or 27%, below the quarterly budget overall, which is comparable to previous year amounts at this point in the fiscal year. 2 For capital outlay, only 15% of the capital outlay budgeted in the first quarter was expended. Several projects planned for the first quarter have not been completed but are still expected to be performed during the fiscal year. Variances of this kind are common in the first quarter and will level out as the fiscal year progresses.

Ms. Hunter stated growth in the Village's property tax base continues to remain steady and is a key influence on the Village's financial outlook. The total tax base increased by 1% this quarter as a result of growth, compared to 2% the previous year. So far this year, the Village has issued 25 new residential building permits valued at nearly $6.8 million, compared to 45 new permits issued at the same time last year. We anticipated 150 new homes for FY 2022. Other Items:

Ms. Hunter stated during the quarter, the Fair Barn covered 79% of operating expenditures with operating revenues. This is significantly greater than the same quarter last year, in which the Fair Barn recognized no revenues and issued a refund, resulting in a negative 3% of operating expenditures covered with operating revenues. Last year's result was directly related to state-mandated facility closures. Although this year's result is slightly below the Balanced Scorecard goal of 95%, so far we are seeing increases in event reservations for the remaining months of the year and fewer postponements as a result of COVID.

Ms. Hunter stated the Harness Track covered 17% of its operating expenditures compared to 23% the previous year. Revenues were in line with quarterly budget estimates and expenditures fell below budget. Variances of this type are typical due to the timing of stall rental revenues at the start of the training season. By the end of the second quarter, we should have a better idea of where the Harness Track stands for the season. The performance target for expenditure coverage for this fiscal year is 45%, the same as the previous year.

Ms. Hunter concluded her point with noting that at this point in the fiscal year, we are doing better than we anticipated with revenues ahead of forecast and expenditures below forecast. There are still many variables at play in our overall financial outlook and most of the variances in revenues, expenditures, and capital outlay may be resolved as the fiscal year progresses. We will continue to closely monitor all revenues and expenditures to ensure good financial oversight of taxpayer dollars.

14. Receive Risk Management Committee Annual Report and Consider Employee Health Benefit Plans

Jeff Batton, Assistant Village Manager of Operations stated that each year at this time, the Risk Management Committee (RMC) brings forth the annual report of business insurance expenses and makes recommendations to the Manager and Council for the employee health benefit package for the upcoming calendar year.

Mr. Batton provided Council with the full report from the RMC prior to the Council Meeting and reviewed the highlights in the report. He advised that should Council agree with the benefit recommendations, a motion authorizing execution of the medical and dental insurance contracts will be necessary due to the contract amounts. He noted the remaining contracts for vision, AD&D, and disability are under the Manager's contract threshold for execution.

15. Other Business

Council presented no other business for consideration.

16. Comments from Attendees.

- Brenda Xeroteres, 180 Idlewild Rd addressed Council about the problem of Short-term rentals and stated the residents of the Village have been waiting for more than 7 years for Council to act.
- Linda Guerra,15 McQueen Rd, addressed Council about VRBO – Vacation Rentals By Owner and problems with area short-

term rentals and noted Council needs to act and make us, the residents, priority.

17. Motion to Adjourn.

Upon a motion by Mayor Pro Tem Davis, seconded by Councilmember Drum, Council unanimously approved to adjourn the regular meeting by a vote of 5-0 at 8:54 p.m.

Respectfully Submitted,

Kelly Chance

Kelly Chance,
Village Clerk

A videotape of this meeting is located on the Village website: www.vopnc.org
Vision: The Village of Pinehurst is a charming, vibrant community, which reflects our rich history and traditions.
Mission: Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.
Values: Service, Initiative, Teamwork, and Improvement